

FLUID MINERALS BOND PROCESSING USER GUIDE

KeywordsXVII. Termination of Period of Liability of BondA. General

The procedures for termination of the period of liability of a bond is to be the same regardless of whether the surface ownership is the BLM, another SMA, or private. It is advisable in cases of private surface to contact the surface owner to determine what arrangements and agreements were made by the operator (or lessee) with the owner, and any objections or problems that the surface owner may have. The lessee/operator must satisfy the Federal lease terms and conditions that involves the proper plugging and abandonment of wells and the payments of all royalties, interest, penalties, and assessments that may be owed to the MMS, regardless of any arrangements made by the lessee/operator with the surface owner, e.g., payment for surface damages. In the case of a dispute between the private landowner and the operator, the BLM will require the surface to be restored to BLM standards.

TERMINATION OF
BOND PERIOD
OF LIABILITY

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B. Processing Requests for Termination of Liability

| Responsible Official | Step | Action | Keywords |
|---------------------------|------|---|---|
| Receiving Official | 1. | Receive the letter or notice requesting the BLM to cancel the bond or terminate the period of liability under the bond. Date/time stamp and forward to Adjudication. | TERMINATION OF PERIOD OF LIABILITY REQUEST |
| ABSS Entry ALMRS Entry | 2. | Enter into the ABSS and, if an individual bond, in Case Recordation. | AUTOMATED NOTATION |
| | 2a. | Enter Action Date: Date bond termination request received; DE 2960 Action Code 472/DE 2910 Action Code 377; Action Remarks (ABSS): Enter "TOTAL" and, in Case Recordation, enter "TOTAL" and the BLM bond number _____ | |
| Adjudication | 3. | When the surety requests a bond termination, if a nationwide bond, request a report through the ALMRS Bond Bulletin Board from all State Offices for agreement that the nationwide bond may be terminated. See Appendix 20 for instructions for accessing the ALMRS Bond Bulletin Board. If, after a reasonable period of time has passed with no response from one or more offices, send a written request to those offices (see Illustration 43). | TERMINATION REPORT REQUESTED FROM APPROPRIATE STATE OFFICES |
| | 4. | If bond is an individual lease or statewide bond, request a report (see Illustration 43) from all appropriate Field Offices whether the bond may be terminated. | |
| | 5. | Obtain an ALMRS printout showing all leases held by the principal. Review this printout against the MMS biweekly Delinquent Lease Accounts listing for leases have MMS demands due. If no leases are on the MMS listing, furnish the printout to each appropriate Field Office Operations staff with a request to review all listed leases due to the request to terminate the period of liability of the bond. | ALMRS PRINTOUT OBTAINED LISTING ALL LEASES HELD BY PRINCIPAL UNDER THE BOND |

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| Responsible Official | Step | Action | Keywords |
|-------------------------|------|--|--|
| | 5a. | If leases held by the bond are on the MMS listing, notify the MMS and, as needed, make a demand against the bond to collect the monies owed to the MMS (see Section XVIII, below). | |
| | 6. | While awaiting responses from the BLM offices (and when no leases are included on the MMS biweekly listing), prepare a standard notice to the principal and surety advising them of the status of the bond termination request (see Illustration 42). This notice needs to be used when the termination reports from several offices are going to take considerable time to complete, e.g., for nationwide bonds. | |
| | 7. | If the surety has requested termination of the bond without notifying the principal, use of this standard notice effectively notifies the principal of the surety's request, and additional notification of the principal is not necessary. If the principal objects to termination of the period of liability, advise the principal that the BLM will discontinue processing the termination request until the principal and surety have resolved the matter. | SURETY REQUEST FOR BOND TERMINATION WITHOUT KNOWLEDGE OF PRINCIPAL |
| | 8. | Upon receipt of all reports: | |
| | 8a. | If all reports consent to bond liability termination, terminate the period of liability of the bond by a decision (see Illustration 44). | TERMINATE BOND |
| | 8b. | If an objection to the bond termination is received, prepare a decision specifying the reason the period of liability cannot be terminated (see Illustration 45). | BOND TERMINATION NOT APPROVED |

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| Responsible Official | Step | Action | Keywords |
|---------------------------|------|--|---|
| | 9. | After the decision is signed, distribute to the principal and surety. Route for ABSS (and Case Recordation) Entry. | |
| ABSS Entry ALMRS Entry | 10. | Enter into the ABSS and, if an individual bond, in Case Recordation. Enter Action Date: Date of decision terminating period of liability of bond; DE 2960 Action Code 473/DE 2910 Action Code 378; Action Remarks: Effective date of termination of period of bond liability (MM/DD/YYYY), and in Case Recordation enter the BLM Bond No. _____, OR Enter Action Date: Date of decision that bond termination denied; DE 2960 Action Code 476/DE 2910 Action Code 463; Action Remarks: Effective date of denial of bond termination, and in Case Recordation enter the BLM Bond No. _____; General Remarks: Reason for denial. | AUTOMATED NOTATION |
| Adjudication | 11 | File case/bond file. | |
| RELEASE/ | 12. | If, after the decision has been issued terminating the period of liability of the bond, the surety requests that the bond be fully and unconditionally released, respond that the regulations in 43 CFR 3104.8 do not allow this type of release (see Illustration 63). Termination of the period of liability establishes a date after which no new liabilities may be attached to the bond. The regulations do not provide for bond cancellation. See Section XIX, below, addressing the statute of limitations for collection on bonds. | BOND CANCELLATION NOT ALLOWED |